

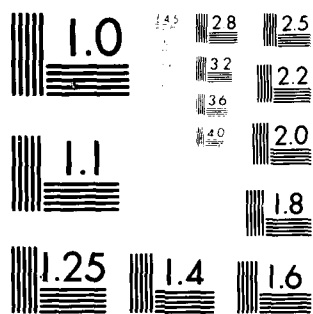
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PROPOSED UNIFORM
REPORTING SPECIFICATIONS
FOR COOPERATIVE LOGISTICS SUPPLY
SUPPORT ARRANGEMENTS.

December 1980

Bruce L. Murrie

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EXECUTIVE SUMMARY

A Cooperative Logistics Supply Support Arrangement (CLSSA) is a Foreign Military Sales (FMS) instrument through which a foreign country customer may order secondary items--spare and repair parts--with the same priority given U.S. forces having similar missions and geographic location. Various reports and audits in recent years have suggested that DoD management of the CLSSA program can be improved. Two continuing sources of problems appear to be (1) program differences due to independent policies and procedures governing CLSSAs in the Military Departments, and (2) the lack of visibility of the program by the Office of the Secretary of Defense and by the Military Department Headquarters themselves.

The Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) (OASD (MRA&L)) is encouraging more uniform management of CLSSAs through an updated reissuance of its present CLSSA policy document, "Cooperative Logistic Supply Support Arrangements," DoD Instruction 2000.8. The proposed reissuance has been upgraded to the status of a DoD Directive.

The present report addresses the lack of CLSSA visibility by proposing specifications for uniform reporting to OASD(MRA&L) on CLSSAs by the Military Departments and the Defense Logistics Agency. The specifications describe two recurring reports. The Semi-Annual Report on Cooperative Logistics Supply Support Arrangements, to be submitted by each Military Department, summarizes CLSSA activity, displays CLSSA support by defense system and country, and describes individual arrangements in three distinct formats. The Comparative Supply Support, Foreign Military Sales Secondary Items report, to be submitted annually by each Military Department and the Defense Logistics Agency, is designed primarily to evaluate the supply performance given to CLSSAs as

compared to that given to other types of FMS cases and to U.S. forces. Two separate formats are proposed, one for the Military Departments and one for the Defense Logistics Agency; both resemble the DoD Military Supply and Transportation Evaluation Procedure report. These reporting specifications are presented as recommended enclosures to the proposed DoD Directive 2000.8.

The specified reports will provide historical CLSSA data needed by OASD(MRA&L) for a variety of its management functions. These functions include top-level program monitoring, providing information to other OSD managers and the Congress, reviewing CLSSA planning for new sales, verifying policy implementation, and evaluating OSD policies themselves. In addition, the data specified should assist the Military Departments in managing their respective CLSSA programs.

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I. BACKGROUND

A. WHAT IS A CLSSA?

Within the Security Assistance Program, Foreign Military Sales (FMS) includes both sales of major weapon systems and equipment ("end items"), and sales of continuing logistics support for the end items. Logistics support includes such items as spare and repair parts, maintenance services, training, publications, and quality assurance. Sales for each of these items are accomplished through a Letter of Offer and Acceptance, DD Form 1513. A completed Letter of Offer and Acceptance sets up a FMS "case."

Under FMS, a foreign country may obtain secondary items--spare and repair parts--in three ways.

The first is the direct requisitioning, or "defined line" case, in which a specified quantity of individual items is ordered. Using a defined line case, the requisitioning country can expect delivery no sooner than normal lead times for the procurement and production of the items permit.

The second way is the "open-end" case, sometimes called a "basic open-end" (BOE) or a "blanket order" case. In an open-end case, the duration (normally 12 months) and total dollar authorization are specified, but the kinds and quantities of items are not. These are ordered as needed for the duration of the case. Just as in the defined line case, the country should expect to wait the procurement lead time, although shipment may be made from stock if the item is in long supply.

The third way is the Cooperative Logistics Supply Support Arrangement (CLSSA). With a CLSSA, the foreign country's military organization may order items, during peacetime, with the same priorities enjoyed by U.S. forces having similar missions and geographic locations (i.e., having the same assigned Force Activity Designator). In return for this more responsive

service, the country agrees to fund an appropriate augmentation of U.S. (wholesale) logistic system stocks and to pay certain administrative and accessorial charges. Both foreign countries and the U.S. are assumed to benefit from the increased quantities of wholesale stock items. These arrangements are limited to the support of end items in the active U.S. inventory.

A single CLSSA is executed through two FMS cases: the Foreign Military Sales Order (FMSO) I case, which is to fund augmentation of the logistics system stocks and the on-order pipeline, and the annual FMSO II "consumption" case, a type of open-end case through which the foreign country actually orders replenishment items. Because the FMSO II case is an annual case, DoD Instruction 2140.1, reference (12) establishes its authorized value as the expected dollar value of 12 months' demand. It establishes the corresponding FMSO I case authorization as the expected dollar value of 17 months' demands: 5 months demand representing on-hand inventory (and obtained from the country in cash), and 12 months demand representing material continually on-order (and obtained from the country as obligational authority through a dependable undertaking). When sufficient time has elapsed for the additional material (purchased with FMSO I money) to arrive, the CLSSA is "mature," and FMSO II requisitions may be given "programmed", i.e., U.S.-equivalent, service. FMS requisitions from other than mature CLSSA FMSO II cases are treated as "non-programmed", i.e., placed on direct procurement or backordered and filled from inventory only when item assets are above the reorder point.

CLSSAs are the recommended FMS method for providing replenishment secondary item and repair part support. The combined value of established FMSO I and annual FMSO II cases is now in the neighborhood of one billion dollars.

B. PROBLEMS WITH CLSSAS

Several reports on FMS in recent years have contained criticisms of the CLSSA program. The General Accounting Office (GAO) in its reports¹ has raised questions about forecasting CLSSA impact upon U.S. readiness, planning adequate augmentation of U.S.-held stocks, controlling CLSSA requisitions, and recovering various program costs that the U.S. may now be subsidizing. A recent pricing study by the Office of the Assistant Secretary of Defense (Comptroller), in which procurement secondary items delivered under FMS were sampled, has indicated that more than 33% of the requisitions from FMS cases other than (mature) CLSSAs are filled from stock when item assets (on-hand serviceable + unserviceable + procurement due-in) are below the item reorder point.² The Military Departments themselves have voiced concern about these and other procedural problems in their own audits and studies.³

Within the three Military Departments, independent policies and procedures governing CLSSAs have evolved. As a result, a foreign country desiring to support a system containing end items managed by different MILDEPS must negotiate separate CLSSAs with each one. Furthermore, a major policy controversy, "item management" vs. "financial management," became apparent when the Deputy Secretary of Defense required in a 1976 memorandum that CLSSAs throughout DoD be managed "not on the basis of specific lists of anticipated parts needed, but on the basis of dollar values of on-hand levels which would be required to support the dollar value of sales anticipated."⁴

¹See, for example, references (4) and (8).

²See reference (9). The figure jumps from 33% to 72% if only on-hand serviceable items are counted as assets.

³See references (1) and (5).

⁴"Logistics Support of Appropriation and Stock Funded Secondary Items Subject to Foreign Military Sales," November 5, 1976, reference (15).

The Air Force currently still manages its investment items on an item basis, and the Army will be doing so when a new automated approach called "visibility file" is operational. The Navy is a strong advocate of, and operates under the financial management approach. The result of these different policies and procedures is an increased need for information by the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) to monitor program performance.⁵

Current OASD(MRA&L) visibility of CLSSAs and other FMS cases for secondary items is minimal. Reports produced by the existing Military Supply and Transportation Evaluation Procedures (MILSTEP) systems within the Services do not break out data by international logistics program categories when reporting supply performance for secondary items. The GAO has noted the lack of unified, DoD-wide reporting in this area, and its recurring reports on FMS issues suggest a continuing interest in the management of the CLSSA program.

C. RECENT INITIATIVES BY OASD(MRA&L)

The International Logistics Directorate of OASD(MRA&L) is encouraging more uniform management of CLSSAs by updating the DoD Instruction 2000.8, "Cooperative Logistic Support Arrangements," and reissuing it as a DoD Directive. The proposed reissuance provides more detailed policy guidance on CLSSAs than its predecessor, which was more concerned with defining organizational relationships and administrative responsibilities. The guidance largely codifies the "consensus" FMSO I-FMSO II structure that has been developed over the years and has already been described in some detail in DoD Instruction 2140.1, reference (12) on FMS pricing policy, and in the Joint

⁵This organization will be abbreviated OASD(MRA&L) in the remainder of the report.

Logistics Commanders agreement.⁶ It also incorporates the financial management memorandum mentioned above, gives criteria for including CLSSA demand and program data into the forecasting process, and sharpens requirements for equity renegotiation, terminations, and sharing of excess inventory items.⁷

To improve its visibility of the CLSSA program, OASD(MRA&L) wishes to further revise the proposed Directive to include specifications for recurring reports. LMI has developed the specifications required and they are presented in this report.

⁶See reference (16).

⁷See Reference (15).

II. DEVELOPMENT OF THE REPORTING SPECIFICATIONS

The reporting specifications which will be described in Chapter III were produced in three phases. The first phase involved the analysis of the information required, which resulted in a set of preliminary reporting specifications. The second phase consisted of an investigation as to whether the data elements proposed in the preliminary specifications were indeed available within existing Military Department data systems, both automated and manual. The third phase involved revising the preliminary specifications substantially, based upon the findings of the second phase. The results of three phases are outlined in this section.

A. ANALYSIS OF INFORMATION REQUIREMENTS

1. Overall Information Requirements

Six different uses for the reporting requirements were identified;

- (1) Top-level program monitoring--obtaining a clear overview of the size, scope, content, growth and performance of the CLSSA program.
- (2) Providing information--answering queries from foreign countries, Congress or other government agencies about the program or individual arrangements.
- (3) Planning--assisting DoD executives in considering CLSSA support for new or planned end item sales, especially with regard to possible adverse effects on the U.S. logistics system.
- (4) Verifying policy implementation--determining whether and how effectively DoD CLSSA policies and procedures are being implemented by the Services and DLA.

- (5) Evaluating CLSSA policies--determining whether existing CLSSA policies and procedures appear to be working as intended.
- (6) Encouraging MILDEP management attention--providing information that will highlight CLSSA operational problems to MILDEP headquarters management.

Several general areas of information were perceived as being required for the five uses, taken individually and in combinations. Basic displays of CLSSA funding and requisitioning by country, case, supply source, and defense system supported are needed, at various levels of aggregation. Data comparing the performance provided by the U.S. logistics system to countries on CLSSAs and on other types of Foreign Military Sales and to U.S. forces are necessary to determine the overall and relative benefits of the CLSSA program, as well as the effectiveness of specific policies and procedures. Another area, which turned out to be quite controversial and very difficult to measure, dealt with the "macro" effects of the CLSSA program, adverse and beneficial, upon the U.S. logistics system and material readiness.

2. Requirements Related to Management Issues

In addition to such general information requirements, our analysis of management issues within the CLSSA program generated many technical data requirements, particularly for verifying policy implementation and evaluating the policies themselves. Many of these issues lay in CLSSA policies and procedures for augmenting U.S. wholesale inventories: the determination of FMSO I and FMSO II requirements, the distribution of FMSO I funding to supply sources, the actual augmentation of inventories, the rules governing waiting periods and other criteria for CLSSA "maturity" (programmed access to stocks), and the reasons and techniques for revising CLSSAs. A second set of issues was concerned with determining item equity established in U.S. inventories

through FMSO I augmentation: how CLSSAs are adjusted when some or all of the defense systems they support are terminated, and how fair shares of excess inventory items are charged to CLSSAs.

A third set of issues was centered about techniques for monitoring FMSO II requisitions to protect the supply systems against possible CLSSA abuse. The techniques included both automated and manual checks to:

- (1) prevent filling non-programmed (immature) CLSSA requisitions from stocks below the reorder point;
- (2) detect when the authorized FMSO II case amount is exhausted;
- (3) identify incorrectly assigned requisition priority numbers, and to avoid processing an excessive number of high-priority CLSSA requisitions;
- (4) limit the penetration, by programmed CLSSA requisitions, into on-hand stocks in very short supply;
- (5) detect CLSSA requisitions inappropriate for the defense systems supported; and
- (6) prevent CLSSAs from depleting individual item stocks, either through single requisitions for excessive quantities or excessive numbers of requisitions over short-time periods.

In analyzing requirements, several other additional management issues were considered that did not, for various reasons, generate data elements in the reporting specifications. Examples of such issues are withdrawals from U.S. retail inventories, returns of unserviceable repairable items, accuracy of individual item demand forecasts in equity lists, and adequacy of in-country provisioning.

3. Information Sources

The major sources of information for the requirements analysis were interviews conducted during 1979 and 1980 with DoD personnel connected to the CLSSA program.

Within the supply command of each Military Department, three organizational levels were identified that have distinct responsibilities for the CLSSA program. (1) Policy-level information was obtained from the headquarters organization for security assistance logistics; headquarters interviews were conducted in all three MILDEPs both years. During the 1980 Army and Air Force interviews, supply command personnel responsible for the Military Supply and Transportation Evaluation Procedure (MILSTEP) report were also interviewed. (2) The MILDEP International Logistics Control Offices (ILCOs) supplied information on the detailed management of CLSSA cases and the initial processing of CLSSA requisitions; ILCO interviews were conducted both years in the Army and the Air Force. The Navy asserted that all the information needed was available at the headquarters level and did not arrange for us to conduct interviews with personnel at NAVILCO itself in either year. (3) The MILDEP and DLA inventory control points (ICPs) actually process and fill the requisitions, determine item requirements, procure new items, process CLSSA reductions and terminations, and handle excess items and disposal. In 1980, on-site interviews were conducted at the Army Missile Command (MICOM) and telephone interviews on specific questions with the San Antonio Air Logistics Center of the Air Force.

Personnel from several other defense components were contacted. In 1979, interviews were conducted (1) at the Defense Logistics Agency headquarters and at one DLA ICP, the Defense Electronics Supply Center; and (2) at the Comptroller's office in the Defense Security Assistance Agency. An interview was conducted with personnel from the OSD Comptroller's office.

Appendix B lists the organization names, codes, and principal individuals interviewed. It also identifies the year in which these persons were contacted.

The written sources of information upon which the requirements analysis was based include several reports, OASD(MRA&L) memoranda and correspondence with the Military Departments, as well as numerous DoD and MILDEP regulations. These documents are listed in the references. Specimens of automated and manual reports gathered during the interviews also proved useful during the requirements analysis.

B. ASSESSMENT OF DATA AVAILABILITY

In providing information on a number of rather complex management issues associated with the CLSSA program, the preliminary reporting specifications required a substantial volume of data. Although their design had been based largely on information that was (1) described as available during interviews, (2) displayed in sample reports collected, or (3) indicated as available from systems documentation, a detailed examination of individual data element availability had not been undertaken. Moreover, there were a few important areas of data requirements which were expected to present problems to the Military Departments. To avoid imposing unnecessarily difficult reporting requirements, LMI, at the request of the OASD(MRA&L) reviewed the preliminary reporting specifications with representatives of each Military Department. The objective of the review was to determine data availability and how the preliminary specifications might be revised to simplify their implementation.

1. Method for Assessing Availability

A simple technique was needed to ascertain whether the proposed data elements were currently available within existing reports or systems, and, if not, what difficulty obtaining them would present. A scheme of data availability categories, ranked from 1 to 6 in order of increasing difficulty, was developed and is shown in Table II-1. The MILDEP representatives were asked

TABLE II-1. CATEGORIES OF DATA AVAILABILITY

-
1. Data are currently collected and produced in required form by an existing ADP program.
 2. Data are currently produced in required form in a manually generated report.
 3. Necessary information is now collected in non-automated files but will need additional manual processing to produce data element in required form.
 4. Necessary information is now collected in an automated system but will need new ADP processing to produce data element in required form.
 - A. Minor processing changes required.
 - B. Extensive processing changes required.
 5. Necessary information is not now collected, but could be obtained and processed manually to produce required data element.
 6. Necessary information is not now contained in existing ADP systems, and producing the data element would require new ADP collection and processing procedures.

to assign the appropriate value of difficulty to each data element in the preliminary specifications, and to indicate existing and anticipated reports or systems from which the data element might be derived. Also, they were asked for general suggestions and recommendations regarding the specifications. One result of these interviews was that category 4 was further divided in subcategories A and B depending on the degree of changes required.

2. Data Areas Found Not Readily Available

A definite consensus among the representatives was found regarding "problem" requirements in the preliminary specifications--areas of data elements that would be difficult to obtain from present systems (availability category 4B) or are not presently available (categories 5 and 6). These problem requirements are discussed below.

(a) Data displaying the dollar value of anticipated CLSSA demands by weapon system. This information appears to be available only for Naval Air CLSSAs, which support a single kind of weapon system, and for CLSSAs managed by the Army Missile Command CLSSAs, where a version of the forthcoming "visibility file" has been implemented and where there is little commonality of spare parts among the kinds of weapon systems. In general, however, several kinds of weapon systems are supported by a single CLSSA. When equity lists are computed for a new CLSSA, forecast demands for a single item are consolidated across the different weapon systems, and the desired breakout cannot be obtained. Nor can it be obtained when a CLSSA is renegotiated using historical demand data, since item requisitions are not tied to weapon systems. These findings are typical of the difficulties encountered in trying to measure the possible effects of CLSSAs upon the readiness of individual U.S. weapon systems.

(b) Data tracing actual augmentation of inventory items. Despite the fundamental importance that the augmentation of U.S. inventories has in the CLSSA program, our interviews have suggested that "active" augmentation--raising the requirements objectives of certain individual items in anticipation of CLSSA demands--is often not being carried out. Current CLSSA operations, with the notable exceptions of the current Air Force system for investment items and the "visibility file" now being developed for Army items, do not collect data in sufficient detail to track this process. The other kind of actual augmentation, "reactive" augmentation--the raising of individual item requirements objectives by the automated inventory control programs in response to CLSSA demands themselves--takes place whether "active" augmentation has been carried out or not, but "reactive" augmentation appears to be even more difficult to track and measure directly.

(c) Counts of items on individual CLSSA cases. The preliminary specifications contained proposed data elements that counted the number of different items (a) planned in the initial equity list, (b) initially augmented, and (c) actually requisitioned on current and prior FMSO II cases. These counts would have indicated the accuracy of initial FMSO I planning and the variability of item demand in successive years of a CLSSA's operation. The problems noted above in measuring augmentation and the extensive automated sorting that would be necessary to count the different stock numbers requisitioned have caused us to eliminate these data elements.

(d) Requisition characteristics and supply performance for CLSSAs. Several proposed data elements, describing FMSO II requisitioning experience for CLSSAs overall and for individual CLSSA cases, were found to require extensive ADP modifications to present systems. These included the percent needed for mission-essential items, the percent with priority numbers indicating high urgency of need, the percent exceeding the item's Maximum Release

Quantity, and the percent filled on the first pass ("supply availability" or "fill rate"). The modifications necessary to produce this information for individual CLSSA cases would be substantial and quite difficult for all three Military Departments. On the other hand, because overall performance must be evaluated, we continue to propose that these data be reported in the aggregate using the MILSTEP (Military Supply and Transportation Evaluation Procedures) data base and system.

Two other areas on the preliminary specifications caused problems that had not been anticipated.

(a) Determining the portion of actual proceeds from excess item disposal due to the CLSSA country was mentioned as a problem for the Navy.

(b) The assignment of a "maturity date" for a new FMSO I case did not seem feasible for the Army under its forthcoming "visibility file," since maturity will be determined for items individually, and an extensive averaging computation would be needed.

C. REVISIONS MADE

To facilitate the implementation of the reporting specifications, we deleted, as a rule, data elements in the preliminary specifications that were rated in availability categories 4B, 5, or 6. The only exceptions to this rule were the data elements describing requisition characteristics and supply performance for CLSSAs overall (see Section II, B.2.a (above); these data elements were viewed as essential in evaluating the CLSSA program by LMI and the Military Department representatives alike. Also, they can be obtained through the existing MILSTEP operations.

Several other changes to the preliminary specifications were inspired by recommendations from the interviews.

1. FMSO I funding flows. It was discovered that FMSO I cash and obligational authority are often not being transmitted from the International Logistics Control Offices to the ICPs or to DLA. Since these funds are necessary to properly augment the inventories, additional data elements have been included to track their distribution.

2. CLSSA sharing of excess inventory assets. The preliminary specifications included several data items in the section on terminations that related to the share of excess inventory items charged to the CLSSA. A separate section on charging excess assets to CLSSAs has been added to the new reporting specifications, since other circumstances besides termination (e.g., renegotiation) should trigger this activity.

3. Describing the systems supported by a CLSSA. During the interviews, it was pointed out that types of equipment other than "weapon systems" were supported by CLSSAs. We have thus chosen to use the term "defense system." Furthermore, unless the smaller end items supported (e.g., rifles, trucks), were suitably aggregated the country/defense system report could become unmanageably large, particularly for the Army. The final specifications permit each Military Department to determine how it wishes to aggregate smaller systems into "defense system categories." To enable CLSSA dollar amounts to be compared with the value of the materiel supported, the historical costs of defense systems delivered have been added.

Following the additions and deletions of data, the original reporting formats were reorganized substantially, to sharpen several individual sections and to make the management issues generally more apparent. The five formats grouped themselves naturally into two distinct reports. These two reports have been assigned, for reference, two different Report

Control Symbols (M(SA)XXXX and M(A)YYYY), reporting frequencies¹ (semiannual and annual) and implementation dates (March 1982 and September 1983). The first report can be produced by the ILCO and headquarters level in each Military Department from data in existing systems without extensive additional ADP processing. The second report requires data from the ICP level and some substantial modifications to the current automated MILSTEP procedures, e.g., a way must be found to count "programmed" vs "non-programmed" requisitions.

¹The reporting frequency in the preliminary specifications was quarterly for all reports.

III. THE CLSSA REPORTING SPECIFICATIONS

This chapter presents a broad overview of the CLSSA reporting specifications, organized by report and format. The complete specifications with definitions of the data elements are provided in Appendix A.

Each of the chapter's two major sections contains a discussion of a proposed new RCS report, their formats and the principal technical management issues addressed by the formats. The framework for the management issues is that of OASD(MRA&L) management functions enumerated in II.A.1 above. Also provided is an analysis of data element availability.

A. SEMIANNUAL REPORT ON CLSSAs

The semiannual report on CLSSAs is intended to be prepared by Military Department personnel at the ILCO and headquarters levels. It consists of three formats: A, B, and C. Formats A and B are aggregations of data from Format C, which provides information on individual CLSSA cases.

1. Format A: Summary of CLSSA Activity

Figure III-1 displays the proposed Format A summary report. Data elements B.1-B.5 in the format section "Arrangement totals" provide basic data on the size and scope of the MILDEP CLSSA program for the OASD(MRA&L) management functions of top-level program monitoring and providing information. Elements B.6 and B.7 evaluate CLSSA management: B.6 indicates whether expired FMSO II cases are being closed out promptly, and B.7 indicates how accurately FMSO II authorizations (and, indirectly, FMSO I amounts) are being predicted.

FIGURE III-1. SEMI-ANNUAL REPORT, FORMAT A

SEMI-ANNUAL REPORT ON COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS
RCS M(SA)XXXX
REPORTED BY THE U.S. A.1 ON A.2, COVERING THE PERIOD ENDING A.3

(All \$ Amounts In Thousands)

FORMAT A: SUMMARY OF CLSSA ACTIVITY

ARRANGEMENT TOTALS

Number	\$Amount
B.1	
B.2	B.3
B.4	B.5
B.6	
B.7	

Countries having CLSSAs:
FMSO I Cases Implemented:
Current FMSO II Cases:
Expired FMSO II Cases Open:
FMSO II Cases Increased from Original Authorization
by 25% or More:

CLSSA FUNDING AND DEMAND BY SUPPLY SOURCE

Total	A.1 APA	A.1 Stock Fund	DIA	Other MILDEPS	Other
C.1	C.2	C.3	C.4	C.5	C.6
D.1	→				D.6
E.1	→				E.6
F.1	→				F.6
G.1					

FMSO I FUNDING

Funding Proration
Distributed to Supply Source
Cash
Obligational Authority
Funding Not Distributed

FMSO II DEMAND

\$ Requisitions, Last 12 Months This Period Prior 6 Months	H.1 I.1 J.1	H.2 → →	H.3	H.4	H.5	H.6 I.6 J.6
# Requisitions, Last 12 Months This Period Prior 6 Months	K.1 L.1 M.1	K.2 → →	K.3	K.4	K.5	K.6 L.6 M.6

NEGOTIATED REVISIONS OF CLSSAs DUE TO CHANGES IN SYSTEMS SUPPORTED

Country	FMSO I Case	Effective Date	Type Change	Defense System(s)	FMSO I Change \$	FMSO II change \$
N.1	N.2	N.3	N.4	N.5	N.6	N.7
						N.8
						N.9

EXCESS INVENTORY CHARGED TO CLSSAs

# CLSSAs Charged for Excesses	\$ Amount of CLSSA Share	CLSSA Share of Excesses as % FMSO I Case Values	\$ Amount Excesses Withdrawn by Countries
0.1	0.2	0.3	0.4

In the format section "CLSSA Funding and Demand by Supply Source," Row C provides, as top-level information, the aggregate FMSO I funding negotiated for inventory augmentation and its planned proration among material management categories. The categories shown (MILDEP Appropriation Purchases Account, MILDEP Stock Fund, DLA, etc.) have significantly different material characteristics, inventory control procedures and CLSSA implementations. Rows D, E and F and data element G.1, on the other hand, verify whether this FMSO I funding has actually been distributed by the ILCOs to the supply sources. The format section "FMSO II Demand" provides important program information and also enables a high-level, evaluative comparison to be made between actual FMSO II requisitioning and FMSO I funding, both prorated and distributed.

Several OASD(MRA&L) management functions are served by the format section "Negotiated Revisions of CLSSAs Due to Changes in Systems Supported." By highlighting new CLSSAs and existing CLSSAs that have been modified because of the population changes in the defense systems they support, it serves as an index to some of the more interesting individual CLSSA reports in a given reporting period. Viewed over time, it tracks the growth, or lack of growth, in the CLSSA program. It permits the consistency of the dollar changes to both FMSO cases to be evaluated.

The last section, "Excess Inventory Charged to CLSSAs," is primarily designed to evaluate the results of excess inventory identification procedures, but it should also by its presence, encourage MILDEP management attention to be given to this area.

2. Format B: CLSSA Support by Defense System and Country

The primary purpose of Format B, Figure III-2, is to display the scope and content of the CLSSA program, a top-level program monitoring function. By "scope" we mean the countries (row B) and their CLSSA cases

FIGURE III-2. SEMI-ANNUAL REPORT, FORMAT B

SEMI-ANNUAL REPORT ON COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS
RCS M(SA)XXXX
REPORTED BY THE U.S. A.1 ON A.2, COVERING THE PERIOD ENDING A.3

FORMAT B: CLSSA SUPPORT BY DEFENSE SYSTEM AND COUNTRY

Defense System/Category	Country				Number of Countries Supporting System	Total Quantity Supported	Total Cost of Quantity Supported (\$M)
	B.1 (e.g., KE)	B.2	B.1,n	B.2,n			
G.1 (e.g., F-5)	D.1,1 - FMSO 1 Case Designator	D.1,2	D.1,n	D.1,n	G.1	H.1	I.1
	E.1,1 - Quantity Supported	E.1,2	E.1,n	E.1,n			
	F.1,1 - \$ Cost Supported (\$M)	F.1,2	F.1,n	F.1,n			
G.2	D.2,1 (e.g., KAA)	D.2,2	D.2,n	D.2,n			
	E.2,1 (e.g., IO)	E.2,2	E.2,n	E.2,n			
	F.2,1 (e.g., \$60M)	F.2,2	F.2,n	F.2,n			
G.m	D.m,1		D.m,n	D.m,n	G.m	H.m	I.m
	E.m,1		E.m,n	E.m,n			
	F.m,1		F.m,n	F.m,n			
No. of Systems Country Supports	J.1 (e.g., 5)		J.n	J.n			
Total FMSO 11					Grand Total FMSO 11 (\$K)		
Support Authorized (\$K)	K.1 (e.g., \$850K)		K.n	K.n	L.1		
Cost of Country's Systems Supported (\$M)	M.1 (e.g., \$150M)		M.n	M.n			Grand Total, Cost of Systems Supported (\$M)
							N.1

(table element D). By "content" we mean the identities of the end items supported by the CLSSA, their quantities, and costs (column C, table elements E and F).

The lists of countries having CLSSAs with each MILDEP are not large, and so the columns can conveniently be labeled on one or two printed pages.

To produce a report with a readable number of rows, major end items (aircraft, ships, missiles, etc.) have been labeled "defense systems," where smaller weapons and other military equipment are to be grouped into meaningful "defense system categories" (data elements C.i) by the MILDEPs themselves. Since actual counts of defense systems supported are frequently classified by the countries for security reasons, the quantities supported (table element E) are represented by the quantities delivered. (Within "defense system categories," the mixes of end items would vary from country to country; "quantities" would not be comparable, and thus are not required.) Historical costs of the defense systems (table element F) are required rather than updated prices for two reasons: (1) after they have been retrieved and recorded once, extensive routine updating of Format B would not be necessary; and (2) historical costs may be viewed as a measure of the defense system value after attrition. Columns G, H, and I and rows J and M are simply tallies or sums of the basic D, E, and F table data.

The size of a country's CLSSA program is measured by the sum of the amounts authorized for its current FMSO II cases (row K).¹ FMSO II amounts for the individual cases are given on Format C.

¹The FMSO II amount is used rather than the FMSO I amount because it represents expected CLSSA requisitioning over a fixed time period (1 year) and thus permits comparisons between countries.

The tabular arrangement of Format B is designed to facilitate the management function of providing information about the CLSSA program. By selecting a country in row B and examining the data in the column beneath it, one can immediately identify its CLSSA cases and the identities of the defense supported by those cases.

Conversely, by selecting a defense system in Column C and examining the data in the row to its right, one can quickly identify the different countries supporting that system, along with the volume supported (in quantity and/or in dollars). This identification, followed by a check on recent case requisitioning history in Format C, may prove helpful in analyzing whether a CLSSA may have contributed to support problems experienced with respect to a defense system. Format B is also the index to individual CLSSA cases in Format C, since it identifies the FMSO I case which support a defense system in a country.

Data from Format B may also assist in the review and planning of new CLSSAs. The proposed FMSO II amount and the total cost of the systems to be supported can be compared with those of other countries with similar military programs and logistical capabilities.

3. Format C: Individual CLSSA Status

Since Format C, Figure III-3, contains information on individual CLSSAs from which the two previous formats can be derived, many of the technical issues mentioned in the discussion of those formats carry over to it. However, additional detail is provided at the individual case level to expand or clarify those issues and to address some new ones. The potential uses and benefits of this additional detail are described in the paragraph below.

FIGURE III-3. SEMI-ANNUAL REPORT, FORMAT C

SEMI-ANNUAL REPORT ON COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS
RCS M(SA)XXXX
REPORTED BY THE U.S. A.1 ON A.2, COVERING THE PERIOD ENDING A.3

FORMAT C: INDIVIDUAL CLASSA STATUS

Country: B.1

FMSO 1 Case: B.2

Country Defense Organization: B.3

DEFENSE SYSTEMS SUPPORTED

System	Quantity Supported	\$ Cost	Date of Latest Delivery
C.1	C.2	C.3	C.4

FMSO 1 CASE

As Currently Negotiated:

Amendment #	\$ Amount	Effective Date
D.1	D.2	D.3

As First Negotiated:

\$ Amount	Effective Date
D.4	D.5

Funding by Supply Source:

Total	A.1 APA	A.1 Stock Fund	DLA	Other MILDEPS	Other
E.1	E.2	E.3	E.4	E.5	E.6
F.1	F.2	F.3	F.4	F.5	F.6
G.1	G.2	G.3	G.4	G.5	G.6
H.1	H.2	H.3	H.4	H.5	H.6
I.1					

RECENT REVISIONS

Effective Date	Type Change	Related Defense Systems	Change in Quantity Supported	Maturity Date (New, Additional Systems)	Remarks	Case Designator	Amendment # (After)	Amount Before	Amount After
I.1	I.2	I.3	I.4	I.5	I.6	FMSO 1 J.7	J.8	J.9	J.10
						FMSO 11 J.11	J.12	J.13	J.14

FIGURE III-3. SEMI-ANNUAL REPORT, FORMAT C (continued)

FORMAT C: INDIVIDUAL CISSA STATUS (Continued)

EXCESS STOCK ADJUSTMENT TRANSACTIONS

Date CISSA Last Examined for Excesses	Reason	Excess Stocks Charged This Period # Items Excess		\$ Amount, Excess Items Withdrawn This Period		\$ Refunded from Disposal This Period	
K.1	K.2	K.3	K.4	K.5	K.6		

FMSSO II CASE INFORMATION

Designator	Last Amendment #	Original Date	\$ Authorized		Material Requisitioned by Supply Source						
			Original	End of Period	Total	APA	Stock Fund	DLA	Other		
Current Case \$ Amount % Non-Programmed # Reqs.-to-date	L.1	L.2	L.3	L.4	L.5	M.1	M.2	M.3	M.4	M.5	M.6
						N.1					
						O.1	O.2	O.3	O.4	O.5	O.6
Prior Case \$ Amount % Non-Programmed # Reqs.	P.1	P.2	P.3	P.4	P.5	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6
						R.1					
						S.1	S.2	S.3	S.4	S.5	S.6
This Six-Month Period \$ Amount # Reqs.						T.1	T.2	T.3	T.4	T.5	T.6
						U.1	U.2	U.3	U.4	U.5	U.6
Other Open Case(s)	V.1	V.2	V.3	V.4	V.5	V.6	Status Description				
							V.7				

In the Format C section "Defense Systems Supported," the date of latest delivery for each defense system (C.4) will indicate whether the planning of defense system deliveries has been synchronized with necessary changes to, or the initiation of CLSSA support. The current amendment number, amount, and date (D.1-D.3), in the section "FMSO I Case", when compared with the original date and amount (D.4-D.5) reflect the age and growth of the CLSSA.

The sections "Recent Revisions" and "Excess Stock Adjustment Transactions" both contain considerably more information than their corresponding summaries in Format A. CLSSA changes other than those due to changes in systems supported, notably renegotiations due to demand fluctuations, are described (J.2) under "Recent Revisions." CLSSA maturity dates are tracked for new or recently added defense systems, and settlements resulting from reductions or termination of defense systems supported are indicated. To clarify current practice and to encourage the sharing of excess inventory assets among the U.S. and its CLSSA customers, the date (K.1) and reason (K.2) for the last CLSSA excess examination are required.

The "FMSO II Case Information" section is considerably more detailed than the corresponding aggregated section in Format A. While data on requisitions are required for the six-month period on the current and (if necessary) prior case for aggregate reporting in Format A, the groupings of primary interest are the entire prior case and the current case to date. Two authorization amounts are included for these cases, one for the amount authorized at the activation of the case and one as of the end of the reporting period. The percentage of requisitions that are treated as "non-programmed" is supplied along with the data on material requisitions. By

examining these data together with the section on "Recent Revisions," several new issues may be addressed:

- (a) Are immature CLSSA requisitions being given non-programmed treatment? Are mature CLSSA requisitions being given primarily programmed treatment?²
- (b) Are CLSSAs being used to order material for purposes other than replenishment of in-country wholesale stocks (e.g., hoarding spare parts in anticipation of hostilities)?

4. Availability and Sources of Data

Table III-1 indicates the data availability and sources within each MILDEP for the data elements in Format C of the specifications. (The availability rankings refer to Table II-1.) In sections where data elements have been added that were not in the preliminary specifications, estimated availability rankings and anticipated sources have been shown enclosed in parentheses.

Since the data elements on Formats A and B can and should be derived from the complete collection of Formats C for the individual CLSSA cases, tables for these formats are not presented. Several of the aggregate data elements on Format A are currently produced in the required form on existing MILDEP reports and may be used to confirm the derived information.

B. COMPARATIVE SUPPLY SUPPORT, FOREIGN MILITARY SALES SECONDARY ITEMS

The annual Comparative Supply Support report has as its primary purpose, the evaluation of CLSSA performance and policies. There are two proposed formats, one for MILDEPs and one for the DLA. Both versions are similar to the DoD MILSTEP Format 2 report, but require dollar amounts as well as counts

²Examination of sample Air Force data has suggested this may not be the case under the present system for investment items.

TABLE III-1. DATA AVAILABILITY AND SOURCES, FORMAT C

Format C Section/Data Element	Availability Ranking			Source System or File		
	Army	Navy	AF	Army	Navy	Air Force
Defense Systems Supported	3	3	3	CLSSA case file	CLSSA case file	CLSSA case file
FMSO I Case						
D.1-D.5	3	3	3	Current and original LOA ¹	LOAs	LOAs
(E.1-E.3)	(3)	(1)	(1)	(ILIF, manual file)	(NAVCOCS) ³	(H051.UWIA)
(E.4)	(2)	(1)	(1)	(Manual file)	(NAVCOCS)	(H051.UWIA)
(E.5)	(2)	(1)	-	(Manual file)	(NAVCOCS)	-
(E.6)	(2)	(1)	(3)	(Manual file)	(NAVCOCS)	(LOA)
(F,G,H)	(1)	(1)	(1)	(ACOGS) ⁴	(NAVCOCS)	("CREATE" ⁵ Requirement Pass)
Recent Revisions						
J.1	1	2	2	ILIF	Not specified	LOA
(J.2-J.6)	(3)	(3)	(3)	(CLSSA case file)	(CLSSA case file)	(CLSSA case file)
J.7-J.10	3	2	2	CLSSA case file	Not specified	LOA
J.11-J.14	3	1	3	CLSSA case file	New renegotiation report	CLSSA case file
(Excess Stock Adjustment Transactions)	(1)	(3)	(3)	(New visibility file)	(Excess register)	(DD 1513-2)
FMSO II Case Information						
I ; P	3	1	3	CLSSA case file	New renegotiation report	CLSSA case file
M,N;Q,R	4	1	3	MRHS ⁶	New renegotiation report	"CREATE" CLSSA Demand Statistics
U ; S	(4)	(4)	(3)	(MRHS)	(MISIL System)	("CREATE" CLSSA Demand Statistics)
(T)	(4)	(1)	(3)	(MRHS)	(MISIL System)	("CREATE" CLSSA Demand Statistics)
(U)	(4)	(4)	(3)	(MRHS)	(MISIL System)	("CREATE" CLSSA Demand Statistics)
V.1-V.5	3	1	3	CLSSA case file	New renegotiation report	CLSSA case file
(V.6)	(4)	(4)	(3)	(MRHS)	(MISIL System)	"CREATE" CLSSA Demand Statistics
V.7	(3)	(1)	(3)	CLSSA case file	New renegotiation report	CLSSA case file

¹ LOA - Letter of Offer and Acceptance (DD Form 1513).

² ILIF - International Logistics Information File (automated).

³ NAVCOCS - Navy Customer Order and Control System.

⁴ ACOCs - Army Customer Order and Control System.

⁵ CREATE - Acronym of Honeywell 6000 time-sharing system used at AFIC

⁶ MRHS - Material Request History & Status file.

⁷ MISIL - Management Information System, International Logistics.

of requisitions. The MILDEP version, Figure III-4, also includes a detailed display of FMS and CLSSA requisitions that is not currently produced. (The Army's internal adaptation of the MILSTEP Format 2 report already reports dollar amounts and contains the desired FMS categories, except for the programmed/non-programmed distinction within CLSSA requisitions.) The DLA version of the report, Figure III-5, does not separate programmed and non-programmed CLSSA requisitions, but it does display the requisition data by MILDEP.

1. Issues Addressed by the Report

The report measures performance by "fill rate"--the percentage of requisitions filled on the first pass against stock availability records (Column 9). Several major performance issues can be addressed by this report:

- (a) CLSSA vs U.S. Requisitions: Do programmed CLSSA requisitions receive the same treatment as those from U.S. forces?
- (b) CLSSAs vs Other FMS Cases: how does performance for CLSSAs compare with that given other types of FMS, especially open-end cases?
- (c) Programmed vs Non-programmed CLSSA Requisitions: How much does supply system performance differ between programmed and non-programmed CLSSA requisitions?
- (d) Differences among the Services: Are there significant differences in CLSSA supply performance among the Services. If so, are these reflective of overall supply performance differences? Are there similar differences in supply performance among the item funding categories within the Services?

FIGURE III-4. ANNUAL REPORT, MILDEP FORMAT

COMPARATIVE SUPPLY SUPPORT, FOREIGN MILITARY SALES
SECONDARY ITEMS (MILDEP FORMAT)

RCS M(A) YYYY

REPORTED BY THE U.S. A.1 ON A.2 COVERING FISCAL YEAR A.3

	Requisitions (Net Demands)				
	Percent		Percent		% Filled 1st Pass
	\$ Value Reqs.	Level	of Next Level	% NMCS	
MILDEP Total	B.1	B.2	B.3	B.4	B.5
MILDEP FMS Total	C.1				B.6
CISSA	D.1				B.7
Programmed	E.1				B.8
Non-Prog.	F.1				
Other FMS	G.1				
Open-End	H.1				
Defined Line	I.1				
MILDEP APA	J.1				
MILDEP FMS APA	K.1				
etc.	-Q.1				
MILDEP Stock Fund	R.1				
MILDEP FMS SF	S.1				
etc.	-Y.1				

FIGURE III-5. ANNUAL REPORT, DLA REPORT

COMPARATIVE SUPPLY SUPPORT, FOREIGN MILITARY SALES
SECONDARY ITEMS (DLA FORMAT)
REPORTED BY THE DEFENSE LOGISTICS AGENCY ON A.2 COVERING FISCAL YEAR A.3

	\$ Value Requis.	Percent of Next Level	Requisitions (Net Demands)				
			No.	Percent of Next Level	NMCS	% Urg. Need "A"	% > MRQ
DLA Total	B.1	B.2	B.3	B.4	B.5	B.6	B.7
DLA FMS Total	C.1 →						B.8
CISSA	D.1 →						
Other FMS	E.1 →						
DLA FMS Army	F.1 →						
CISSA	G.1 →						
Other FMS	H.1 →						
DLA FMS Navy	I.1 →						
etc.	-K.1						
DLA FMS AF	L.1 →						
etc.	-N.1						

Several significant policies can be evaluated from data contained under the other column headings. Data under "% NMCS" (the percentage of requisitions for items rendering defense systems not mission capable and "% Urgency of Need A" (percentage assigned the highest requisitioning priority allowed to the country) may indicate whether in-country stocks are adequately supporting the country's equipment operations. A low "% NMCS" and a high "% Urgency of Need A" may mean that the CLSSA countries are abusing the requisition priority system. Finally, "% > MRQ" (the percentage of requisitions whose quantities exceeded the maximum release quantity) can indicate whether large individual CLSSA requisitions are unfairly depleting item stocks.

2. Data Processing Considerations

MILSTEP operations in the reporting DoD components currently collect, from their requisition history files, all the primary data that are needed to produce the Comparative Supply Support report. However, the MILDEP representatives interviewed universally agreed that considerable automated data processing modifications would be necessary to obtain the desired FMS/CLSSA programmed/non-programmed displays.

The reason for this lies in the fact that a non-programmed requisition is currently assigned a delayed Required Due Date (RDD) and is not counted in the availability calculation until its RDD has expired, when it becomes an ordinary requisition, i.e., enters the programmed requisition queue, and is filled or not filled on the first "pass." If it should be filled before the RDD has expired (presumably because item assets remained above the reorder point after all competing programmed requisitions were filled), it is not counted at all in the availability calculation. To obtain the desired discrimination between the kinds of FMS cases in this report, requisitions must be judged "filled" or "not filled" on the first pass at the time they first reach the Inventory Control Point.

The additional year to implement this report that we have suggested in the recommended revision of the proposed DoDD 2000.8 reflects this problem and other administrative delays that normally attend a MILSTEP programming modification.

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17. Army Regulation AR 12-1, "Security Assistance."
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35. "USAF Cooperative Logistics Program." Brochure prepared by Directorate of International Logistics, Office of the Deputy Chief of Staff, Material Management, Wright-Patterson Air Force Base, Ohio. November 1, 1975.

APPENDIX A
LMI RECOMMENDED REVISIONS
TO THE PROPOSED DOD DIRECTIVE 2000.8

Subject: Cooperative Logistic Supply Support Arrangements

- References: (a) DoD Instruction 2000.8, "Cooperative Logistics Supply Support Arrangement," February 14, 1964, (hereby cancelled)
- (b) Deputy Secretary of Defense Memorandum, "Logistic Support of Appropriation and Stock Funded Secondary Items Subject to Foreign Military Sales," November 5, 1976 (hereby cancelled)
- (c) DoD Instruction 2140.1, "Pricing of Sales of Defense Articles and Defense Services to Foreign Countries and International Organizations," March 9, 1977
- (d) through (n), see enclosure 1

*A. REISSUANCE AND PURPOSE¹

This Directive reissues reference (a) to incorporate the provision of reference (b), and updates policies for Cooperative Logistic Supply Support Arrangements (CLSSAs) between the Department of Defense and the defense establishments of foreign governments and international organizations.

It also establishes two uniform reports to assist the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) in evaluating how effectively CLSSAs are being implemented and managed throughout the Department of Defense.

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies, hereafter referred to as "DoD Components."

2. Its provisions govern arrangements, agreements, procedures, and supplemental documents that support, define or implement a cooperative logistic understanding between the United States and a foreign government or international organization (included hereafter in the term "foreign government or foreign military service").

¹Revisions to this proposed DoD Directive are highlighted by the following scheme: (1) A single asterisk (*) preceding a section indicates that it has been modified; (2) A double asterisk (**) indicates that the section has been added.

C. DEFINITIONS

1. Cooperative Logistic Supply Support Arrangement (CLSSA). Replaces Cooperative Logistic Support Arrangement (CLSA) and Supply Support Agreement (SSA). The CLSSA is an agreement between a Military Department and a foreign military service or international organization (hereafter referred to as "foreign participants"), setting forth the terms and conditions under which Department of Defense will provide supply support of common weapons systems on an equal basis with U.S. forces having the same Force Activity Designator (FAD). Such agreements are established through Foreign Military Sales' (FMSs') Letters of Offer and Acceptance (LOA), between two Foreign Military Sales Orders (FMSOs).

2. FMSO I. An FMS case that provides for a foreign participant to purchase an equity in DoD inventory and pipeline. The Military Department uses this equity investment to procure additional levels of DoD stocks of secondary items, in preparation for foreign participant stock withdrawals.

3. FMSO II. An FMS case that provides for a foreign participant's withdrawal of stocks procured under FMSO I.

4. Matured FMSO/CLSSA. Describes an FMSO I for which funded and unfunded obligational authority were released at least 17 months earlier to applicable appropriations. The 17 months may vary if financing appropriations have different procurement lead times. After passage of the time period during which investments in FMSO I items are made and augmentations of the DoD stocks occur, the Foreign participant may commence drawing material under the related FMSO II case.

D. POLICY. The Department of Defense considers CLSSAs to be one of the most effective means for providing common spares, repair parts and secondary item support for defense equipment of U.S. origin that is in allied or friendly country inventories. Matured CLSSAs provide reimbursable support for the foreign participants from U.S. stocks on an equal basis with U.S. forces within assigned priorities. CLSSAs are established to provide routine replenishment of in-country stocks and are not to be used for initial provisioning of repair parts. DoD encourages the establishment and effective implementation of these arrangements, in accordance with the guidelines provided in enclosure (2). It is particularly important to establish CLSSAs in support of U.S. defense systems or equipment being introduced initially in foreign country.

E. PROCEDURES

1. This directive is primarily addressed to the spare and repair parts support of defense systems common to U.S. and foreign forces. It may be necessary to assist a foreign government in developing support systems for defense equipment not in the active inventory of U.S. forces or in limited use by U.S. forces. Normally, CLSSAs will not be offered to support these systems. Sales of equipment being phased out of the active inventory will normally be conditional, upon explicit understanding with the recipient that such support will be limited and may be terminated.

2. The creation of budget authority required to implement CLSSAs will be in accordance with DoD Instruction 2140.1 (reference C)).

3. Requisitions received prior to the date on which the CLSSA matures and requisitions received for materiel valued in excess of the FMSO II dollar value will not be satisfied from U.S. serviceable on-hand stocks that are below the reorder points, to preclude any detrimental effect on support of U.S. forces. Such requisitions will be processed as FMS non-CLSSA sales providing an applicable FMS case exists. Non-CLSSA sales from inventory will be made only in those cases when the supplying agencies considers its stocks more than adequate to meet all requirements of U.S. forces and CLSSA claimants. DoD Instruction 2140.1 (reference (c)) establishes different pricing requirements for CLSSA and non-CLSSA sales.

4. For items to be supplied by the Defense Logistics Agency (DLA), the Military Department will submit Special Program Requirements (SPRs) and the cash, obtained from foreign participants, to finance increased inventory levels to the DLA as soon as possible after the signing of a new arrangement or when an existing agreement is significantly revised. The provisions of Chapter 11, DoD 4140.22-M (reference (d)) provide guidance for submitting SPRs to augment DLA stock levels to accommodate a new or revised CLSSA.

5. Noncompliance with CLSSA policies by a foreign customer will result in the suspension of support under a CLSSA, pending resolution of the problem. Normally, either party may terminate a peacetime CLSSA by giving a minimum of 6 months written notice. However, the U.S. Government may cancel or suspend a CLSSA-related DD Form 1513, "U.S. Department of Defense Offer and Acceptance," by invoking Condition A-6 of the form at Annex A. Under unusual and compelling circumstances, when the national interest of the United States so requires, the U.S. Government will invoke Condition A-6.

6. Negotiations involving the sale of U.S. defense materiel and weapons systems should include full consideration of the operational use of such materiel and systems, and provisions for effective concurrent and follow-on logistic support. As appropriate, follow-on spare and repair parts support should be provided through the establishment of CLSSAs.

F. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics (ASD(MRA&L))) shall provide logistic policy guidance to ensure the implementation of CLSSAs and technical guidance to the Director, Defense Security Assistance Agency, and the Secretaries of the Military Departments on the adequacy and feasibility of the logistic support provisions proposed in the arrangements.

2. The Director, Defense Security Assistance Agency (DSAA) is the focal point for requests for, and approval of, Foreign Military Sales involving establishment of a CLSSA and for ensuring that prior coordination and approval is accomplished in accordance with DoD Manual 5105.38-M (reference (e)).

3. The Secretaries of the Military Departments shall:

a. Develop implementing procedures that clearly and explicitly detail the execution of the provisions of CLSSAs.

b. Ensure their effective integration with the logistics system involved.

c. Coordinate, as appropriate, with the DoD Component or U.S. Government agency concerned.

4. Heads of DoD Components shall follow the guidelines in enclosure (2) when handling CLSSAs.

G. CRITERIA

1. The quality of support provided under matured CLSSAs to foreign military forces will be the same as that provided to similar U.S. forces within assigned priorities. The U.S. goal will be to provide uniform support for all military forces participating in the U.S. logistic system.

2. The DoD supply system will be used, unless logistical readiness can be significantly increased by modifying the system. Modifications will not be made if increased operating costs or adverse impact on support of U.S. forces will result. To be consistent with procedures used by U.S. forces, participating countries should submit replenishment requisitions in a routine manner, as needed, and should avoid ordering large quantities infrequently.

3. Normally, DoD transportation support will not be provided. When such support is provided as an exception, it will be done in accordance with transportation and traffic management policies in DoD Directive 4500.9 (reference (f)).

4. Charges for support and services associated with CLSSAs will be assessed in accordance with instructions contained in DoD Instruction 2140.1 and DoD Directive 7410.4 (references (c) and (g)) and will be charged at least annually.

5. Implementation progress and status for articles provided will be maintained for reimbursement needs in accordance with the guidance in DoD Instruction 2140.3 (reference (h)).

6. Countries participating in the U.S. logistic system through cooperative logistic arrangements will be encouraged to provide and maintain the necessary resources to attain objectives of logistic support co-equal with similarly tasked U.S. forces supported by the U.S. logistic system.

7. DoD 4140.17-M and DoD 4500.32-R (references (i) and (j)) will be used to prioritize and systemize the issue and movement of CLSSA material.

8. Control by U.S. nationals of all U.S. facilities and services utilized will be maintained. Assignment of liaison personnel of foreign governments may be permitted, as required. Such liaison personnel may perform functions as mutually agreed. Any U.S. costs associated with the liaison activity will be reimbursable to the Department of Defense using normal FMS procedures.

9. The respective responsibilities of the United States and the customer country will be delineated in applicable CLSSAs in sufficient detail

and clarity to ensure mutual understanding. Assignment of FADs for specific countries will be made by the Joint Chiefs of Staff in accordance with DoD Directive 4410.6 (reference (k)). Participating countries must be made fully aware of the need to conform to the applicable Urgency of Need Designator within the Uniform Military Movement and Issue Priority System (UMMIPS).

10. Financial records will be maintained in such a manner that the financial status for supplies under the CLSSAs may be determined promptly. Status will be recorded in the Security Assistance Accounting Center (SAAC) financial system, as in other FMS cases.

11. Item records of supply transaction will be maintained by appropriate Inventory Control Points in such a manner that the current status of the transactions may be available in order to determine (a) equity negotiation and termination requirements, and (b) a prorated share of excess items applicable to weapons systems being supported for which the customer will be held responsible. Demand records will be reviewed before excess material is transferred to Property Disposal Activities or sold at reduced prices. If stockage of excess items resulted from CLSSA demands, the foreign participant will be notified that applicable items will be charged against the FMSO I equity and disposition instructions requested.

**H. REPORTING REQUIREMENTS

1. A semi-annual report with three formats covering CLSSA activity for each half of the fiscal year will be forwarded by the Military Departments to the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), ATTN: Directorate for International Logistics, within 45 days after the end of the reporting period, beginning with fiscal year 1982. The purposes of this report are (1) to provide the Assistant Secretary with basic information on the size, scope, content and growth of the CLSSA program and (2) to enable evaluation of the effectiveness with which the Guidelines of this Directive (Encl 2) are being implemented, in the large and for individual CLSSAs.

Enclosure 3 contains the three formats to the report and gives definition of each data element. Format A reports aggregated data on CLSSAs and highlights recent support changes in individual arrangements. Format B relates CLSSAs to countries and defense system supported. Format C provides information on the management and activity of individual CLSSAs, much of which serves as source data for Formats A and B.

This reporting requirement has been assigned Report Control Symbol M(SA)XXXX.

2. An annual report covering CLSSA supply performance during the fiscal year will also be forwarded by the Military Departments and the Defense Logistics Agency (DLA) to the Assistant Secretary within 45 days after the end of each fiscal year, beginning with fiscal year 1983. The purpose of this report is to compare the actual requisition volume and supply availability of secondary items for CLSSAs, for other types of Foreign Military Sales, and for the DoD component as a whole.

Enclosure 4 contains the two formats of the report, one for the Military Departments and one for the DLA, with data element definitions. The

Military Department format subdivides requisitions by funding source (Appropriation Purchases Accounts or Stock Fund), while the DLA format subdivides them by the Military Department from which they were passed.

This reporting requirement has been assigned the Report Control Symbol M(A)YYYY.

*I. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing instructions to the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) within 120 days. Forward semi-annual and annual reports in accord with Section H above.

Enclosures - 4

1. Reference
2. Guidelines
- **3. Formats and data element definitions, semi-annual report
- **4. Formats and data element definitions, annual report

REFERENCES, (Continued)

- (d) DoD 4140.22-M, "Military Standard Transaction Reporting and Accounting Procedures (MILSTRIP)," January 1977, authorized by DoD Directive 4000.25, November 12, 1976
- (e) DoD 5105.38-M, "Military Assistance and Sales Manual," August 1978, authorized by DoD Directive 5105.38, August 10, 1978
- (f) DoD Directive 4500.9, "Transportation and Traffic Management," June 28, 1976
- (g) DoD Directive 7410.4, "Regulations Governing Industrial Fund Operations," September 25, 1972
- (h) DoD Directive 2140.3, "Foreign Military Sales Billing and Reimbursement Procedures," September 6, 1979
- (i) DoD Directive 4140.17-M, "Military Standard Requisitioning and Issue Procedures (MILSTRIP)," July 1962, authorized by DoD Directive 4000.25, November 12, 1976
- (j) DoD Directive 4500.32-R, "Military Standard Transportation and Movement Procedures (MILSTAMP)," August 1979, authorized by DoD Directive 4000.25, November 12, 1976
- (k) DoD Directive 4410.6 "Uniform Material Movement and Issue Priority System (UMMIPS)," February 18, 1971
- (l) DoD Directive 5530.3, "International Agreements," December 6, 1979
- (m) DoD Instruction 2050.1, "Delegated Approval Authority to Negotiate and Conclude International Agreements," July 6, 1977
- (n) Arms Export Control Act (AECA)

2000.8 (Encl 2)

GUIDELINES

1. Forecasts of requirements and stock control of appropriation and stock-funded secondary items will be based upon the following planning considerations:

a. Recurring CLSSA demands for secondary items whose requirements are computed by demand-related methods shall be included in the demand data base of the computational system in forecasting CLSSA requirements. For secondary (investment) items whose requirements computation relates failures, repairs and condemnations to past and future activity programs, CLSSA requirements will be computed with participating countries' program information included in the computational system's data base. Time-phased additive requirements for new CLSSA programs shall be phased out during development of participating countries' demand and program factors for inclusion in the computational system.

b. All CLSSAs will involve the investment of funds of the FMS country in the U.S. inventory. For consumable (stock fund) items, this will not be on the basis of a specific list of anticipated parts needed, but on the basis of on-hand and on-order levels required to support the dollar value of CLSSA anticipated needs. For repairable (appropriation account) items, on-hand and on-order levels will be either on a dollar investment or on a line item basis. Investment on a line item basis may be concluded only when the laws or procurement regulations of a particular country require that its investment be identified to specific items and quantities. However, such exceptions should be discouraged, as being disadvantageous to the country's support requirements, since DoD policy dictates that demands for items or quantities not included in the arrangement be treated as non-CLSSA demands.

c. Military Departments will fill FMSO II and service requisitions in a manner that will ensure that no requisitioner is unfairly supported at the expense of other claimants of the material.

d. Normally, FMSO I cases will provide for 17 months' investment composed of 5 months of on-hand and 12 months of on-order. Increases above 17 months' investment level are necessary when customer defense systems require a higher level of supply effectiveness, and/or have longer procurement leadtimes or represent a significant increase in complexity for the purchasing country. In these instances, the on-hand and on-order portions of the FMSO I cases should be synchronized with the dollar weighted on-hand and on-order projected materiel requirements of the system being supported.

e. All FMS demands not related to a CLSSA that involve investment of funds in the U.S. inventory will be excluded from the demand base of the respective computational systems. If the issue of an item to meet these FMS demands results in the inventory being at or below the reorder point, the requisition will be placed on back order and not filled until on-hand serviceable stocks are above the reorder point or filled through procurement.

f. For the CLSSA operating under the financially based concept, reduction of the CLSSA-related program factors may create excess stocks. These potential excesses should be addressed by the excess disposition system, and excesses created by anticipated demands from CLSSA countries that did not materialize will be the responsibility of and chargeable to those foreign countries in accordance with DoDI 2140.1, (reference (c)).

2. Normally, CLSSAs are negotiated and implemented by means of FMS transactions, i.e., FMS Letters of Offer and Acceptance (LOA) (DD Form 1513). In such cases, they are not deemed to be international agreements within the scope of DoD Directive 5530.3 and DoD Instruction 2050.1 (references (1) and (m)) and will be negotiated and concluded by the Military Departments concerned and approved by the Director, DSAA, after coordination with the Director, International Logistics and Support Analysis, OSD(MRA&L).

3. The equitable follow-on supply support offered to foreign participants under a CLSSA is executed in two stages through separate FMSOs: FMSO I and FMSO II.

a. When an FMSO I case is signed, funded, and implemented by both parties, the foreign participant purchases and the Military Department concerned establishes a financial equity for the country in appropriation and stock-funded secondary items procured and stocked in the U.S. logistic system. The Military Department will use this equity investment for procurement to provide appropriate augmentation of DoD stocks of secondary items, in preparation for foreign participant stock withdrawals. These items are used to replenish foreign in-country stocks supporting the defense systems defined in the FMSO I. The foreign customer will be advised that negotiation of a separate CLSSA case for those items managed by another Military Department will be required to obtain those items on a CLSSA basis. Where the DoD Component is other than the Military Department sponsoring the CLSSA, funded SPRs may be submitted. If funded SPRs are submitted, funds obtained from foreign participants to finance increased inventory levels, submitted under the provisions of Chapter II of DoD 4140.22-M (reference (d)), will provide the basis for initial pipeline establishment.

b. A procurement leadtime period will elapse between the time the FMSO I is implemented and DoD stock augmentation is completed. A FMSO II requisitioning case may be established concurrently with the FMSO I. However, FMSO II requisitions will not be processed until DoD stock augmentation is complete. For DLA-managed items, requisitions shall not be submitted as CLSSA requisitions for 9 months (procurement leadtime) subsequent to submission of SPRs (see Chapter II, DoD 4140.22-M, reference (d)).

c. FMSO I and II cases are executed on LOAs (DD Form 1513), and attached thereto will be the CLSSA terms, conditions, and procedures applicable to each FMSO. However, when special foreign participant regulations prevail, a CLSSA may be established with the approval of the Director, DSAA, in advance of the preparation of the FMSO I and II.

d. CLSSA-related LOAs (DD Form 1513) provide support in peacetime from the U.S. logistic system. Under unusual and compelling circumstances when the national interest of the United States so requires, the U.S. Government reserves the right to cancel or suspend all or part of any CLSSA-related LOA at any time prior to the delivery of the defense articles or performance of service connected with such arrangement. Pursuant to Section 42 of the Arms Export Control Act (AECA) (reference (n)), each contract for sales entered into under sections 21 and 22 of the AECA in support of a CLSSA shall provide that such contract may be cancelled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest so requires. The purchaser may cancel a CLSSA-related LOA with respect to any or all of the items provided thereunder at any time prior to the delivery of defense articles or performance of services provided in connection with such arrangement. As appropriate, the U.S. Government or the purchaser shall be responsible for termination costs or other costs related to cancellation or suspension in accordance with condition A.6 or B.7 of the General Conditions (Annex A) of the LOAs. Unless condition A.6 or B.7 of the LOAs is invoked by a party, either party to a CLSSA may terminate by giving the other party a minimum of 6 months written notice.

e. Upon issuing or receiving notice of a request to terminate CLSSA support, the FMSO I case will be renegotiated to adjust the dollar level of investment to the most recent dollar level of demand. The Military Department will then prepare and forward a termination register to the foreign customer. The register will list by line item the customer's prorata share of all quantities on hand and on order above the level of Military Department requirements that are applicable to the weapons system being supported. The customer will be given the opportunity to withdraw these stocks during the period between notification of termination and the termination date by submitting a requisition coded to show nonrecurring demand. On the termination date, the customer will be held liable for all remaining material on hand and on order that cannot be absorbed by the Military Departments. The customer will be charged for any remaining on-order quantities and will have the option of liquidating by withdrawing the items or by requesting the Military Departments to dispose of them in his behalf. For material that can be absorbed, the Military Department will refund the value of material on hand. No refund will be made on the administrative charge. The foreign customer will be provided with the proceeds of any disposal action less the administrative cost of the disposal.

2000.8 (Encl 2)

**SEMI-ANNUAL REPORT ON COOPERATIVE LOGISTICS
SUPPLY SUPPORT ARRANGEMENTS

RCS M(SA)XXXX

This report consists of three Formats, A, B, and C, which are shown below. Formats A and B contain overall data aggregated from the individual CLSSAs, and many of the data elements in these two formats can be derived from corresponding data in Format C, "Individual CLSSA Status." Data element definitions for the formats follow.

FORMAT A: SUMMARY OF CLSSA ACTIVITY

(All dollar amounts are in thousands.)

- A.1 Name of the U.S. Military Department reporting.
- A.2 The date of transmittal to OASD(MRA&L).
- A.3 The last day of the six-month period reported.

Arrangement Totals

- B.1 Number of foreign countries and international organizations which have implemented CLSSAs.
- B.2, B.3 Number and total dollar amount, respectively, of the FMSO I cases implemented as of the date in A.3.
- B.4, B.5 Number of FMSO II cases and the total of their authorized amounts, respectively, that are currently used for CLSSA ordering as of the date in A.3.
- B.6 Number of earlier FMSO II cases, not currently used for ordering, but not yet closed out.
- B.7 Number of current FMSO II cases which have required renegotiation or extra funding during the past six months to cover annual requisitions, if the additional funding has been 25% or more of the FMSO II amount originally authorized.

CLSSA Funding and Demand by Supply Source

- C.1 Same as B.3.
- C.2 The portion of the total FMSO I amount in C.1 which was prorated to Appropriation Purchases Account items managed by the MILDEP.
- C.3 Same as C.2, but for Stock Fund items managed by the MILDEP.

SEMI ANNUAL REPORT ON COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS
RCS MUSA/XXXX
REPORTED BY THE U.S. A.1 ON A.2, COVERING THE PERIOD ENDING A.3

(All \$ Amounts in Thousands)

FORM A: SUMMARY OF CLASSA ACTIVITY

ARRANGEMENT TOTALS

	Number	\$Amount
Countries having CLASSAs:		
FMSO I Cases Implemented:	B.1	
Current FMSO II Cases:	B.2	B.3
Expired FMSO II Cases Open:	B.4	B.5
FMSO II Cases Increased from Original Authorization by 2% or More:	B.6	
	B.7	

CLASSA FUNDING AND DEMAND BY SUPPLY SOURCE

FMSO I FUNDING

	Total	A.1 APA	A.1 Stock Fund	DIA	Other MILDEPS	Other
Funding Proration	C.1	C.2	C.3	C.4	C.5	C.6
Distributed to Supply Source	D.1	↑				D.6
Cash	E.1	↑				E.6
Obligational Authority	F.1	↑				F.6
Funding Not Distributed	G.1					

FMSO II DEMAND

\$ Requisitions, Last 12 Months This Period	H.1	H.2	H.3	H.4	H.5	H.6
Prior 6 Months	I.1	↑				I.6
	J.1	↑				J.6
# Requisitions, Last 12 Months This Period	K.1	K.2	K.3	K.4	K.5	K.6
Prior 6 Months	L.1	↑				L.6
	M.1	↑				M.6

NEGOTIATED REVISIONS OF CLASSAs DUE TO CHANGES IN SYSTEMS SUPPORTED

Country	FMSO I Case	Effective Date	Type Change	Defense System(s)	FMSO I Change \$	FMSO I Change %	FMSO II change \$	FMSO II change %
N.1	N.2	N.3	N.4	N.5	N.6	N.7	N.8	N.9

EXCESS INVENTORY CHARGED TO CLASSAs

# CLASSAs Charged for Excesses	\$ Amount of CLASSA Share	CLASSA Share of Excesses as % FMSO I Case Values	\$ Amount Excesses Withdrawn by Countries
O.1	O.2	O.3	O.4

- C.4 Same as C.2, but for items managed by the Defense Logistics Agency.
- C.5 Same as C.2, but for items managed by other MILDEPS.
- C.6 Same as C.2, but for items managed by sources other than those in C.2-C.5.
- D.1 The portion of the total FMSO I funding amount in C.1 which was distributed--actually transferred--by the International Logistics Control Office to MILDEP Inventory Control Points and other ultimate sources of supply.
- D.2-D.6 The dollar amounts distributed--actually transferred--to the funds or organizations named in the headings.
- E.1-E.6 Cash portions of the distributions described in D.1-D.6.
- F.1-F.6 Obligational authority portions of the distributions described in D.1-D.6.
- G.1 The amount in C.1 minus the amount in D.1.
- H.1 The dollar amount actually ordered on CLSSA FMSO II cases during the current and prior six-month reporting periods.
- H.2-H.6 The (dollar) portion of H.1 ordered from the funds or organizations names in the headings.
- I.1-I.6; J.1-J.6 The dollar amounts representing the portions of D.1-D.6 for the current six-month reporting period and the prior period, respectively.
- K.1 The number of requisitions (net demands) received on CLSSA FMSO II cases during the current and prior six-month reporting periods (represented by the dollar amount in H.1).
- K.2-K.6: L.1-L.6; M.1-M.6 Data elements comparable to H.2-H.6, I.1-I.6, and J.1-J.6, but containing the numbers of requisitions.

Negotiated Revisions of CLSSAs Due Changes in Systems Supported

- N.1,N.2 A listing, showing country and FMSO I case, of the revisions in CLSSAs negotiated during the reporting period that are due to changes in the quantities of defense systems supported.
- N.3 The effective date of negotiation for each CLSSA revision shown in the N.1,N.2 list.

N.4 For each country-case revision appearing in N.1-N.2, a four-character data element (or list thereof) describing the type(s) of support change(s) that prompted the revision. Appropriate entries for the data element follow:

- NEW - new CLSSA has been implemented
- ADDN - a new kind of defense system has been added to those supported by the existing CLSSA
- INCR - the quantity of a defense system already supported by the CLSSA has been increased
- DECR - the quantity of a defense system already supported by the CLSSA has been decreased
- DELE - a defense system formerly supported by the CLSSA has been deleted
- TERM - the entire CLSSA has been terminated

N.5 For each support change appearing in N.4, a data element showing the name of the defense system or category of defense systems affected by the support change. ("Defense system" and "Defense system category" are described in the definition of data element C.1 in Format B below.) More than one defense system should be listed if appropriate.

N.6,N.7 For each FMSO I support change in N.3, data elements indicating the dollar amount and percentage. If more than one change occurs concurrently, only the total change needs to be reported.

N.8,N.9 Same as N.5,N.6, but for FMSO II case changes.

Excess Inventory Charged to CLSSAs

- 0.1 The number of CLSSAs that the U.S. has charged with responsibility for a share of excess items during this reporting period. The items may be either actually in excess (as with items that have become obsolete to the U.S. or items for which forecast demand simply did not materialize) or potentially in excess (as with items having application in systems reduced or terminated on CLSSAs).
- 0.2 The dollar amount of excess inventory items charged to CLSSAs during the period.
- 0.3 The dollar amount in 0.2 as a percent of the sum of the FMSO I case amounts for the CLSSAs counted in 0.1.

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FORMAT B: C/SSA SUPPORT BY DEFENSE SYSTEM AND COUNTRY

Defense System/Category	B.1 (e.g., KE)	Country	B.2	B.n	Number of Countries Supporting System	Total Quantity Supported	Total Cost of Quantity Supported (\$M)
C.1 (e.g., F-5)	D.1.1 - FMSO I Case Designator E.1.1 - Quantity Supported F.1.1 - \$ Cost Supported (\$M)		D.1.2 E.1.2 F.1.2	D.1.n E.1.n F.1.n	G.1	H.1	I.1
C.2	D.2.1 (e.g., KAA) E.2.1 (e.g., 10) F.2.1 (e.g., \$60M)		D.2.2 E.2.2 F.2.2	D.2.n E.2.n F.2.n			
C.m	D.m.1 E.m.1 F.m.1			D.m.n E.m.n F.m.n	G.m	H.m	I.m
No. of Systems Country Supports	L.1 (e.g., 5)			J.n			
Total FMSO II Support Authorized (\$K)	K.1 (e.g., \$850K)			K.n	Grand Total FMSO II (\$K) L.1		
Cost of Country's Systems Supported (\$M)	M.1 (e.g., \$150M)			M.n			Grand Total, Cost of Systems Supported (\$M) N.1

- 0.4 The dollar amount of excess items charged to CLSSAs (possibly in earlier reporting periods), that have been withdrawn by the countries during the current reporting period.

FORMAT B: CLSSA SUPPORT BY DEFENSE SYSTEM AND COUNTRY

Dollar amounts are in thousands (K\$) or millions (M\$), as indicated.

- A.1-A.3 Same heading data elements as on Format A.
- B.1-B.n Row of designators of all the customer countries and other international organizations having CLSSAs with the managing U.S. MILDEP.
- C.1-C.m Column of names of MILDEP defense systems or defense system categories supported by at least one CLSSA. By "defense system" is meant a major defense equipment in Budget Activities A (Aircraft), B (Missiles), C (Ships), and D (Combat Vehicles); examples are the "C-130," the "Tow Missile," the "FFG" (Guided Missile Frigate) and the "M-113" Armored Personnel Carrier. "Defense system categories" are meaningful aggregations of other weapons, communication equipment, vehicles support equipment, etc., defined by the Military Departments.
- These categorizations can be found in the Military Assistance and Sales Manual (DoD 5105.38-M), Part J, Appendix A.
- D.i,j A table entry that is the case designator of country B.j's FMSO I case supporting defense system C.i.
- E.i,j A table entry that represents the quantity of defense system C.i that the most recent amendment to the FMSO I case D.i,j is expected to support by the date the amendment matures for all requisitions coming from that defense system. This quantity is the number of units that should have been delivered to the country or its agent by the beginning of the reporting period in which the FMSO I maturity date for system C.i falls. For the values of C.i that represent aggregated "defense system categories," this data element will be omitted.
- F.i,j A table entry that represents the actual historical cost of defense system quantity or of the material in the defense system category defined above in data element E.i,j.
- G.i The number of different countries supporting defense system C.i. This data element is obtained by counting the number of non-blank entries for data element D in the ith row.
- H.1 The total quantity of defense system C.i supported by CLSSAs. It is obtained by adding the entries for data element E in the ith row. For the values of C.i that represent aggregated "defense system categories," this data element will be omitted.

- I.i The total historical cost of the defense systems supported by CLSSAs. It is obtained by adding the entries for data element F in the ith row.

- J.j The number of different defense systems or categories that country B.j supports. It is obtained by counting the number of non-blank entries for data element D in column j.

- K.j The sum of the authorized dollar amounts on each current FMSO II case for country B.j. These amounts are to be taken as of the end of the reporting period, and may cover several different CLSSAs for the country.

- L.l The grand total of the total FMSO II dollar amounts for each country. It is obtained by adding the data elements in row K.

- M.j The historical cost of all the defense systems and categories supported by country B.j. It is computed as the sum of all the entries for data element F in column j.

- N.l The grand total historical cost of all the defense systems and categories supported. It is obtained either by adding all the data elements in row M or by adding all the data elements in column I.

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FORMAT C: INDIVIDUAL CUSA STATUS

(All \$ Amounts in Thousands)

Country: B.1

FMSO I Case: B.2

Country Defense Organization: B.3

DEFENSE SYSTEMS SUPPORTED

System	Quantity Supported	\$ Cost	Date of Latest Delivery	Funding by Supply Source:	A.1 APA	A.1 Stock Fund	DIA	Other MHLDEPS	Other
C.1	C.2	C.3	C.4		E.1	E.3	E.4	E.5	E.6
FMSO I CASE					F.1	F.3	F.4	F.5	F.6
As Currently Negotiated:					G.1	G.3	G.4	G.5	G.6
Amendment #	\$ Amount	Effective Date			H.1	H.3	H.4	H.5	H.6
D.1	D.2	D.3			Total				
As First Negotiated:					I.1				
					Not Distributed				

Effective Date

\$ Amount

D.4

D.5

RECENT REVISIONS

Effective Date	Type Change	Related Defense Systems	Change in Quantity Supported	Maturity Date (New, Additional Systems)	Remarks	Case Designator	Amendment # (After)	Amount Before	Amount After
J.1	J.2	J.3	J.4	J.5	J.6	FMSO I J.7	J.8	J.9	J.10
						FMSO II J.11	J.12	J.13	J.14

FORMAT C: INDIVIDUAL CLASSA STATUS (Continued)

(All \$ Amounts In Thousands)

EXCESS STOCK ADJUSTMENT TRANSACTIONS

Date CLASSA Last Examined for Excesses	Reason	Excess Stocks Charged This Period # Items Excess	\$ Share Charged	\$ Amount, Excess Items Withdrawn This Period	\$ Refunded from Disposal This Period						
K.1	K.2	K.3	K.4	K.5	K.6						
FMSSO 11 CASE INFORMATION											
Current Case \$ Amount-to-date % Non-Programmed # Reqs.-to-date	Designator	Last Amendment #	Original Date	\$ Authorized		Material Requisitioned by Supply Source					
				Original	End of Period	Total	APA	Stock Fund	DLA	MILDPFS	Other
L.1		L.2	L.3	L.4	L.5	M.1	M.2	M.3	M.4	M.5	M.6
						N.1					
						O.1	O.2	O.3	O.4	O.5	O.6
Prior Case \$ Amount % Non-Programmed # Reqs.	P.1	P.2	P.3	P.4	P.5	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6
						R.1					
						S.1	S.2	S.3	S.4	S.5	S.6
This Six-Month Period \$ Amount # Reqs.						T.1	T.2	T.3	T.4	T.5	T.6
						U.1	U.2	U.3	U.4	U.5	U.6
						Status Description					
Other Open Case(s)	V.1	V.2	V.3	V.4	V.5	V.6	V.7				

FORMAT C: INDIVIDUAL CLSSA STATUS

- A.1-A.3 Same heading data elements as on Format A.
- B.1-B.2 Name of country and FMSO I case designator for the CLSSA.
- B.3 The particular defense organization within the foreign country that holds the CLSSA.

Defense Systems Supported

- C.1 A list naming all "defense systems" or "defense system categories" supported by the CLSSA. See Format B, data element C.i above for definitions of these terms.
- C.2 The quantity of each defense system in the C.1 list, as defined in data element E.i,j Format B. (Not recorded for defense system categories.)
- C.3 The historical dollar cost of each defense system quantity in the C.1 list, including the total cost of equipment within each defense system category. This amount is recorded as data element F.i,j in Format B.
- C.4 The latest (actual or anticipated) delivery date for material supported in each system or category listed in C.1.

FMS Case

- D.1-D.3 The number of the FMSO I amendment currently negotiated, its authorized dollar amount, and the effective date.
- D.4-D.5 The dollar amount and effective date of the original FMSO I case for the CLSSA.
- E.1 Same as D.2
- E.2-E.6, F.1-F.6, G.1-G.6, H.1-H.6, I.1
These data elements are the source for Format A data elements C.2-C.6, D.1-D.6, E.1-E.6 and G.1, and have the same definitions (for the individual case) as those Format A elements.

Recent Revisions

This section consists of a reverse chronological "file" of data records describing recent revisions to the CLSSA that have resulted in FMSO I amendment. The inclusion of revisions is governed by the following criteria:

- (1) Always begin the file with the most recent revision to the case.

- (2) Include any other revisions made during the current and prior reporting periods.
- (3) Retain earlier revisions if (a) they imposed a maturity date on material which was not yet reached during the reporting period, or (b) they required settlements resulting from reductions or deletions of systems supported (including case termination) that were completed during the reporting period or remain pending.

J.1 The date when the revision was negotiated.

J.2 A four-character data element (or list thereof) describing the nature of the revision. Appropriate entries for the data element that relate to support changes are described above in Format A, data element N.4; other values follow:

HDMD - renegotiated because demand experience was higher than forecast

LDMD - renegotiated because demand experience was lower than forecast

OBSO - material ordered by CLSSA has become obsolete to U.S. needs

OTHR - "other" reason for revision. Specify in data element J.6 below.

J.3 The names of the defense system(s) or defense system category(ies) supported that are involved in the change, if identifiable.

J.4 The change made in the quantity of each defense system named in J.3. If the entry in J.3 is a defense system category, record the dollar amount of the change, prefixed with "\$." In either case, prefix the entry with "+" or "-" to indicate the direction of the change.

J.5 If the type of change is NEW, ADDN, or INCR, list by system any extended FMSO I maturity dates that have been imposed.

J.6 Any remarks needed to clarify the reason for the revision. If a type of change is DECR, DELE, TERM, or OBSO, indicate the settlement that either is anticipated in the future or has been completed within the reporting period. Suggested words to describe settlements include: (1) withdrawal--customer country is expected to withdraw equity material; (2) absorption--U.S. expects to absorb customer country stocks and refund financial equity; (3) disposal--U.S. anticipates disposing of equity material.

J.7-J.8 Case designator and amendment number of the FMSO I case after the revision.

J.9-J.10 The FMSO I authorized amounts before and after the revision, respectively.

J.11-J.14 Data elements for the FMSO II case(s) that correspond to J.7-J.10.

Excess Stock Adjustment Transactions

- K.1 The last date when inventory items demanded by or applicable to the CLSSA were checked to find those in excess asset position, whether or not excesses were charged. See data element O.1 in Format A for a further discussion.
- K.2 The event that triggered the excess examination. Some examples are (1) discontinuance of U.S. support for an obsolete defense system, (2) country's deletion of a system from CLSSA support, and (3) periodic CLSSA renegotiation.
- K.3 The number of items found to be in excess position of which a share was charged to the CLSSA during the period.
- K.4 The dollar value of the items charged in K.3 above.
- K.5 The dollar amount of excess items withdrawn on the FMSO II case by the country during the period. The items may have been charged to the country during an earlier reporting period.
- K.6 The amount of money refunded to the country during the period as actual or negotiated proceeds from U.S. disposal of its share of excess items.

FMSO II Case Information

Data elements L through O apply to each annual FMSO II case that is currently active. Thus if there is more than one active FMSO II case, this block of data elements will be repeated.

- L.1 Designator of the current FMSO II case.
- L.2 Latest amendment number of this case, if applicable.
- L.3 The date ordering originally began (or will begin) on this FMSO II case.
- L.4 The dollar amount originally authorized for the current case.
- L.5 The dollar amount authorized for the current case as of the end of the reporting period.
- M.1 The cumulative dollar amount ordered, i.e., committed, on this case from its effective date through the reporting period.

- M.2-M.6 The portion of the dollar amount M.1 that was ordered from each fund or organization named in the headings.
- N.1 The percentage of M.1 on requisitions that were not given programmed treatment.
- O.1-O.6 The number of requisitions represented by the dollar amounts in M.1-M.6.

As with data elements L through O, elements P through S apply to each FMSO II case that was active immediately prior to its current counterpart. If there was more than one case, this block will be repeated. If there was no prior case, show "(NONE)" as the value for data element P.1.

Data elements T and U are similar to M and O, except that they cover only the reporting period, whether on the current case alone or on the current case and part of the prior case.

Data elements V.1-V.7 apply to any other FMSO II cases that are still open. V.1-V.6 are similar to P.1-P.5 and Q.1, respectively, while V.7 explains briefly why the case remains open.

**COMPARATIVE SUPPLY SUPPORT, FOREIGN MILITARY SALES
SALES SECONDARY ITEMS

RCS M(A)YYYY

This annual report has two formats, one for the Military Departments and one for DLA, which are shown below. Data elements for the two formats follow.

MILDEP FORMAT

- A.1 Name of the U.S. Military Department reporting.
- A.2 The date of transmittal to OASD(MRA&L).
- A.3 The fiscal year reported.

The data elements B.3-S.3 located in the third column will first be individually defined. Definitions of C.1-C.8 in the second row will then be given. These individual definitions provide the pattern for the definitions of the remaining elements in the report.

Data Elements in Column 3

- B.3 The number of net requisitions, U.S. and foreign, received by the U.S. MILDEP during the reporting period. (Net requisitions exclude requisitions rejected to the customer and referral orders created.)
- C.3 The number of Foreign Military Sales requisitions (excluding Grant Aid) among the requisitions in B.3.
- D.3 The number of CLSSA (FMSO II) requisitions among the requisitions in C.3.
- E.3 The number of CLSSA requisitions in D.3 which were treated as "programmed," i.e., were given the unrestricted access to stock assets afforded requisitions from comparable U.S. forces.
- F.3 The number of CLSSA requisitions in D.3 which were treated as "non-programmed," i.e., could be immediately filled only from stocks having assets above the reorder point, and were otherwise backordered or placed on direct delivery from the vendor. (Note: The requisitions in E.3 and F.3 should sum to those in D.3.)
- G.3 The number of requisitions in C.3 minus the number of requisitions in D.3.
- H.3 The number of requisitions in G.3 occurring on open-ended ordering cases.

COMPARATIVE SUPPLY SUPPORT, FOREIGN MILITARY SALES
SECONDARY ITEMS (MILDEP FORMAT)

RCS M(A) YYYY

REPORTED BY THE U.S. A.1 ON A.2 COVERING FISCAL YEAR A.3

	\$ Value Reqs.	Percent of Next Level	No.	Requisitions (Net Demands)				
				Percent of Next Level	NMCS	% Urg.		
						% Need "A"	% MKQ	% Filled 1st Pass
MILDEP Total	B.1	B.2	B.3	B.4	B.5	B.6	B.7	B.8
MILDEP FMS Total	C.1	→						
CLSSA	D.1	→						
Programmed	E.1	→						
Non-Prog.	F.1	→						
Other FMS	G.1	→						
Open-End	H.1	→						
Defined Line	I.1	→						
MILDEP APA	J.1	→						
MILDEP FMS APA	K.1	→						
etc.	-Q.1							
MILDEP Stock Fund	R.1	→						
MILDEP FMS SF	S.1	→						
etc.	-Y.1							

COMPARATIVE SUPPLY SUPPORT, FOREIGN MILITARY SALES
SECONDARY ITEMS (DIA FORMAT)
REPORTED BY THE DEFENSE LOGISTICS AGENCY ON A.2 COVERING FISCAL YEAR A.3

	\$ Value Reqs.	Percent of Next Level	No.	Requisitions (Net Demands)				% Filled 1st Pass
				Percent of Next Level	% NMCS	% Urg. Need "A"	% > MRQ	
DIA Total	B.1	B.2	B.3	B.4	B.5	B.6	B.7	B.8
DIA FMS Total	C.1	↑						
CLASSA	D.1	↑						
Other FMS	E.1	↑						
DIA FMS Army	F.1	↑						
CLASSA	G.1	↑						
Other FMS	H.1	↑						
DIA FMS Navy	I.1	↑						
etc.	-K.1							
DIA FMS AF	L.1	↑						
etc.	-N.1							

- I.3 The number of requisitions in G.3 which are on defined-line cases.
(Note: The requisitions in H.3 and I.3 should sum to those in G.3.)
- J.3 The number of total MILDEP requisitions in B.3 occurring for items
managed under the MILDEP Appropriation Purchases Accounts (APA).
- K.3-Q.3 These data elements reflect the number of APA requisitions in J.3
that are included in data elements C.3-I.3, respectively.
- R.3 The number of total MILDEP requisitions in B.3 occurring for items
managed under the MILDEP's Stock Fund.
- S.3-Y.3 These data elements reflect the number of Stock Fund requisitions in
R.3 that are included in data elements C.3-I.3, respectively.

Data Elements in Row C

- C.1 The dollar value (committed) of the FMS requisitions in C.3 (defined
above).
- C.2 The percentage of the MILDEP total dollar value in B.1 represented
by the dollars in C.3.
- C.3 Defined above.
- C.4 The percentage of the total Service requisitions in B.3 represented
by the requisitions in C.3.
- C.5 The percentage of the requisitions in C.3 with priority numbers
derived from Urgency of Need Designator "A," indicating very urgent
requirements.
- C.7 The percentage of those requisitions in C.3 which asked for quanti-
ties in excess of the assigned Maximum Release Quantity.
- C.8 The percentage of all requisitions in C.3 made for stocked items
that were filled from stock on-hand during their first pass against
the ICP stock availability records.

For other rows, entries in columns 1 and 5-8 follow the column 3 pattern. However, the percentages in columns 2 and 4 are defined to be the column 1 and 3 values in each row as a percent of the column 1 and 3 values in the row which represents the next higher level of aggregation. For example, item D.2 is the percentage of item D.1 to item C.1. Similarly, item K.4 is the percentage of item K.3 to item J.3.

DLA FORMAT

The DLA format of this report corresponds to the Service version in the following individual definitions:

C.1-C.8 (DLA format) correspond to C.1-C.8 (MILDEP format).

B.3, C.3, D.3, and E.3 (DLA format) correspond to B.3, C.3, D.3 and G.3 (MILDEP format).

The remainder of the DLA version data elements in column 3 are defined as follows:

F.3, G.3, H.3

These data elements reflect the requisitions included in DLA data elements C.3, D.3, E.3, respectively, that came through the Army.

I.3, J.3, K.3

These data elements are similar to F.3, G.3, and H.3, respectively, but apply only to FMS requisitions that came through the Navy.

L.3, M.3, N.3

These data elements are similar to F.3, G.3, and H.3, respectively, but apply only to FMS requisitions that came through the Air Force.

Data in other columns are computed in the same manner as the same item in the MILDEP format.

2000.8 (Encl 4)

APPENDIX B
LIST OF ORGANIZATIONS INTERVIEWED AND PRINCIPAL CONTACTS

U. S. Army

Headquarters Level: Pentagon

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20. ABSTRACT (Continue on reverse side if necessary and identify by block number) A Cooperative Logistics Supply Support Arrangement (CLSSA) is a Foreign Military Sales instrument through which a foreign country customer may order secondary items--spare and repair parts--with the same priority given U.S. forces having similar missions and geographic location. Various reports and audits in recent years have suggested that DoD management of the CLSSA pro- gram can be improved. One continuing source of problems appears to be the		

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lack of visibility of the program by the Office of the Secretary of Defense and by the Military Department Headquarters themselves. This report proposes specifications for uniform reporting to OASD(MRA&L) on CLSSAs by the Military Departments and the Defense Logistics Agency. The specifications describe two recurring reports containing historical CLSSA data needed by OASD(MRA&L) for a variety of its management functions. The Semi-Annual Report on Cooperative Logistics Supply Support Arrangements summarizes CLSSA activity, displays CLSSA support by defense system and country, and describes individual arrangements in three distinct formats. The Comparative Supply Support, Foreign Military Sales Secondary Items report is designed primarily to evaluate the supply performance given to CLSSAs as compared to other types of FMS and U.S. forces and resembles the DoD Military Supply and Transportation Evaluation Procedure (Format 2) report. These reporting specifications are presented as recommended enclosures to the proposed reissuance of DoD Instruction 2000.8, the primary DoD policy document on CLSSAs.

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